

HCS HB 1710 -- TAX CREDITS AND THE MISSOURI WORKS TRAINING PROGRAM (Hough)

COMMITTEE OF ORIGIN: Committee on Economic Development

This substitute authorizes an income tax credit for the eligible costs of bringing a sporting event to Missouri. In order to receive the tax credit, the Department of Economic Development must certify the applicant's sporting event support contract between the applicant and a site selection organization. These organizations are specified in the substitute and include, but are not limited to, the National Collegiate Athletic Association, the United States Olympic Committee, and the United States Golf Association.

The applicant must submit documentation of the eligible costs within 30 days of the conclusion of the sporting event. Within seven days of the conclusion of the sporting event, the department, in consultation with the Director of the Department of Revenue, must determine the total number of tickets sold at face value for the sporting event. Within 60 days of receiving the documentation from the applicant of the eligible costs, the department may issue a refundable tax credit equal to 100% of the eligible costs or an amount equal to \$5 multiplied by the average number of paid participants multiplied by the number of days from the first to the last day of the event, whichever is less. The tax credit may be transferred, sold, or assigned. No more than \$10 million of these tax credits can be issued by the department in any fiscal year. In any fiscal year, no more than \$8 million in tax credits can be available to all applicants that submit support contracts for sporting events to be held in St. Louis City or Jackson County.

The department can only certify a support contract for a sporting event in which the location is selected after August 28, 2012. The department cannot certify a contract after August 28, 2018, but can certify a contract before that date for a sporting event that will be held after that date.

The substitute authorizes an income tax credit equal to 50% of any eligible donation to a certified sponsor or local organizing committee. The credit is not refundable but can be carried forward up to four years or sold. No more than \$10 million of these tax credits can be issued by the department in any fiscal year. The Department of Economic Development must require an applicant for economic development assistance to provide third-party verification of financial information when it is submitted to the department.

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for economic development assistance to provide third-party verification of financial information when it is submitted to the department. The department must share all adverse information it has about a company seeking economic development incentives with all local governments and economic development officials competing for the company's business. Local governments, local not-for-profit economic development organizations, and economic development officials must also share with the department all adverse information they have received about a company.

The department must develop a five-star system to apprise local governments of the department's opinion on proposals for economic development incentives that combine local and state resources.

The substitute requires the department to establish the Missouri Works Training Program to assist qualified companies with the training of employees in new jobs and the retraining or upgrading of the skills of full-time employees in retained jobs. The program is to be funded through appropriations to the Missouri Works Job Development Fund which was formerly the Missouri Job Development Fund, the Missouri Works Community College New Jobs Training Fund which was formerly the Missouri Community College Job Training Program Fund, and the Missouri Works Community College Job Retention Training Fund which was formerly the Missouri Community College Job Retention Training Program Fund. The department must, to the maximum extent practicable, prioritize funding to assist qualified companies in targeted industries. The substitute specifies the requirements for a qualified company to receive benefits under the program, how the benefits will be calculated, and the penalties for failure to meet any requirements under the program. These provisions will expire July 1, 2018, unless reauthorized by the General Assembly.

The provisions regarding the Missouri Job Training Joint Legislative Oversight Committee are repealed and the Missouri Works Jobs Training Joint Legislative Oversight Committee is established consisting of three members of the House of Representatives appointed by the Speaker and three members of the Senate appointed by the President Pro Tem. An annual report must be submitted by October 1 to the Governor, Speaker of the House of Representatives, and President Pro Tem of the Senate regarding all assistance provided to industries under these provisions during the preceding fiscal year.

The substitute changes the job retention provisions in the Missouri Quality Jobs Act. The substitute:

- (1) Allows a qualified company to receive a tax credit for workforce training if the company and the project meet specified conditions;

(2) Reduces, from \$70 million to \$50 million, the amount of investment that a qualified company must make and increases, from two years to five years; and

(3) Extends the date that a tax credit can be issued for a project if it has been approved by the department from August 30, 2013, to August 30, 2018.

The Missouri Jobs for Education Program is established to provide a tuition credit for certain business owners or companies who create new full-time jobs in Missouri that can be used by the business owner or a person of his or her choice toward tuition at any public institution of higher learning in the state. A qualifying business owner or company will receive one credit toward tuition for every qualifying job created. The credit must be used within 10 years of the date it is awarded or it will be deposited into general revenue. The Department of Economic Development must administer the program which must be funded from employee withholding taxes. The department must track employer contributions and ensure that the credit toward tuition does not exceed the amount that has been deposited by the employer.

The department must develop a conflict of interest policy for new consulting contracts for trade offices located in foreign countries.

The provisions of the substitute regarding the tax credit for a donation to a sponsor or committee of a sporting event will expire six years after the effective date and the provisions regarding the Missouri Jobs for Education Program expire four years after the effective date.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of Unknown greater than \$10,128,852 in FY 2013, Unknown greater than \$10,140,269 in FY 2014, and Unknown greater than \$10,141,786 in FY 2015. No impact on state funds in FY 2013, FY 2014, and FY 2015.